



Pearson
Edexcel

GCSE (9-1) Business

Paper 1 Practice Questions, Mark
Schemes, Model Answers with
Examiner Commentary Set 1



Answer ALL questions.

Read the following extract carefully and then answer Questions 1-5.

Write your answers in the spaces provided.

deanreece
JOINERS AND BESPOKE FITTED INTERIORS

Dean Reece Ltd is a business based in Derbyshire which specialises in designing and fitting high quality interiors, such as kitchens and bathrooms.

The business is owned and run by Dean Reece who places great emphasis on customer service. The website states:

‘Our products range from kitchens, bedrooms and bathrooms and our services from building work to tiling. If you are planning a future project and need an experienced friendly team get in touch today and we will be happy to help’.

The business has been running for over 20 years and has built a very strong reputation for quality and attention to detail. The business relies on ‘word of mouth’ (where customers tell other people about their experience) as its main method of promotion, where customers recommend the business to friends and family. The business has recently redesigned its website to show examples of its work and designs.

Dean Reece faces increased competition and seeks to adapt to ensure it provides what customers need. The business offers a free ‘Design and Create’ service, where potential customers meet with Dean and make clear their specific needs and requirements.

A major factor which influences sales for *Dean Reece Ltd* is the economic climate. When incomes are rising people are more likely to spend money on home improvements such as a new kitchen or bathroom.



Figure 1: Example of work from the business website

Topic Map:

Question	Command word	Specification reference	Topic area	Sub-topic
1	State	1.5.1	Business stakeholders	Types of stakeholders
2(a)	Calculate		Business calculations	Market data
2(b)	Outline	1.2.2	Market research	The use of data in market research
3	Outline	1.2.1	Customer needs	Identifying and understanding customer needs
4	Analyse	1.2.4	The competitive environment	The impact of competition on business decision making.
5	Evaluate	1.4.3	The marketing mix	How the elements of the marketing mix work together

1. State **one** stakeholder of *Dean Reece Ltd*.

(1)

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Table 1 contains information about household income levels in different parts of Derbyshire.

	2015 (£)	2018 (£)
South Derbyshire	18 154	19 419
North East Derbyshire	17 645	18 081
Derbyshire Dales	28 581	29 449

Table 1

2. (a) Using the information in Table 1, calculate the percentage increase in household income in North East Derbyshire between 2015 and 2018. You are advised to show your workings.

(2)

..... %

(b) Outline one way in which *Dean Reece Ltd* might be affected by the change in the data in Table 1.

(2)

.....

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.....

.....

Mark Scheme:

Question number	Answer	Mark
1	<p>Award 1 mark for stating one stakeholder of <i>Dean Reece Ltd</i>.</p> <p>Customers who require a new kitchen (1). Employees – kitchen fitters (1). Suppliers of bathroom furniture (1).</p> <p>Do not accept generic responses that would not be applicable to any company. For example, managers, etc.</p>	(1) AO2

Question number	Answer	Additional guidance	Mark
2(a)	<p>Substitution into correct formula:</p> <p>$\text{£}18\,081 - \text{£}17\,645 = \text{£}436$ (1) $((\text{£}436 \div \text{£}17\,645) \times 100$ Answer: 2.47% (1)</p>	Award full marks for correct numerical answer without working.	(2) AO2

Question number	Answer	Mark
2(b)	<p>Award up to 2 marks for linked points outlining a way that <i>Dean Reece Ltd</i> might be affected by the data in Table 1. Award a maximum of 1 mark if points are not linked.</p> <p>As incomes in Derbyshire are rising it could mean that the demand for new kitchens and bathrooms will increase (1). This could lead to a rise in sales revenue for the business (1)</p> <p>It would allow the business to grow (1). Therefore, it may be able to negotiate lower prices off suppliers of kitchen furniture (1).</p> <p>Award any other valid answer. To award 2 marks there must linked development and evidence of application.</p>	(2) AO2

Question number	Answer	Mark
3	<p>Award up to 2 marks for linked points outlining a way that <i>Dean Reece Ltd</i> meets customer needs. Award a maximum of 1 mark if points are not linked.</p> <p>By offering a 'Design and Create' service (1), <i>Dean Reece Ltd</i> can identify the exact kitchen or bathroom requirements of individual customers (1).</p> <p>By the business managing the whole project, from design to installation (1). This means that customers do not have to employ different companies for different parts of the project (1).</p> <p>Award any other valid answer. To award 2 marks there must linked development and evidence of application.</p>	(2) AO2

Question number	Indicative content	Mark
4	<ul style="list-style-type: none"> This may mean that <i>Dean Reece Ltd</i> needs to lower its prices for the design and installation of new kitchens and bathrooms (AO2). Increased competition may mean that <i>Dean Reece Ltd</i> has to change its promotion techniques for its kitchens and bathrooms (AO2). As a result, <i>Dean Reece Ltd</i> will make less profit on each installation, which will reduce the overall profitability of the business (AO3a). As the business relies mainly on 'word of mouth' to promote its craftsmanship, the business may need to make a decision to develop other parts of its promotion, for example by using social media to show its latest kitchens (AO3a). 	(6) AO2=3 AO3a=3
Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	<ul style="list-style-type: none"> Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a).

Level 2	3–4	<ul style="list-style-type: none"> • Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a).
Level 3	5–6	<ul style="list-style-type: none"> • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a).

Question number	Indicative content	Mark
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<p>5</p>	<ul style="list-style-type: none"> • This approach ensures that the business has an incentive to produce high quality installations (AO1b). • As competition is increasing, the decision may mean that the business is at a disadvantage against other kitchen fitting businesses (AO1b). • This is because customers will only recommend the business to friends and family if they are happy with their new kitchen and bathroom and the service they received (AO2). • This is because competitors may be using other methods of promotion to show their service and kitchen and bathroom products, such as social media or TV advertising (AO2). • Therefore, <i>Dean Reece Ltd</i> will be recommended to potential customers by people who have experienced the service and the quality the business provides. This is a more powerful commendation than seeing a social media post or a website. Satisfied customers will be able explain to people about their kitchen or bathroom and answer any questions (AO3a) • As a result, it is likely that rival businesses will have wider exposure. Word of mouth relies of a potential customer actually meeting someone who has used <i>Dean Reece Ltd</i>, when this might not happen and they may instead search online for kitchen/bathroom fitters (AO3a). • However, this approach can only have a limited reach and does not help <i>Dean Reece Ltd</i> to attract potential customers who want a new kitchen. If demand in the local area falls, then the business may not be able to attract potential customers from different areas. This may lead to falling sales and worsening cash flow (AO3b). • However, the approach <i>Dean Reece Ltd</i> uses is clearly successful. The business is over 20 years old and is very successful. Increasing promotion may lead to higher costs, which could reduce profitability. The introduction of the website to demonstrate the quality and the service may be enough as a next step to ensure the business has some wider exposure (AO3b). 	<p>(12) AO1b=3 AO2=3 AO3a=3 AO3b=3</p>
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Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	<ul style="list-style-type: none"> • Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used (AO1b). • Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). • Draws a conclusion, supported by generic assertions from limited evaluation of business information and issues (AO3b).
Level 2	5-8	<ul style="list-style-type: none"> • Demonstrates mostly accurate knowledge and understanding of business concepts and issues, including appropriate use of business terminology in places (AO1b). • Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a) • Draws a conclusion based on sound evaluation of business information and issues (AO3b).
Level 3	9-12	<ul style="list-style-type: none"> • Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology (AO1b). • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). • Draws a valid and well-reasoned conclusion based on a thorough evaluation of business information and issues (AO3b)

Model answers to levels-based questions:

4. Analyse the impact on *Dean Reece Ltd* of increased competition in the market for fitted kitchens and bathrooms.

(6)

Increased competition might lead to *Dean Reece Ltd* having to reduce the prices for **designing and installing new kitchens and bathrooms**. This would have an impact on the profitability of the business (**explanation strand 1**) as the revenue received from each **kitchen** would be lower, while the costs would remain the same (**explanation strand 2**). This would therefore mean the business does not have as much to invest in training for **fitters** (**explanation strand 3**).

A second impact is that the business may need to change its promotion. This is because competitors such as **Wren Kitchens** have extensive national advertising (**explanation strand 4**). As *Dean Reece Ltd* relies on 'word of mouth' for promotion, it may need to increase its methods of promotion, but this will increase the costs of the business (**explanation strand 5**).

Examiner Commentary:

The candidate has decided to consider two impacts in two separate paragraphs. The first contains three logical linked strands of development (**highlighted in green**). The second impact is negative and has a further two logical linked strands are developed, which is evidence of Analysis (AO3a).

In terms of Application (AO2) (**highlighted in red**), there is evidence of AO2 spread over both impacts across the two paragraphs. Therefore, application was also awarded Level 3. With two good Level 3s for both assessment objectives, the candidate was **awarded 6 marks**.



5. Evaluate the decision of *Dean Reece Ltd* to rely on 'word of mouth' as its main form of promotion. You should use the information provided as well as your knowledge of business.

(12)

By relying on 'word of mouth' promotion ensures that the business has an incentive to produce high quality kitchen installations. This is because customers will only recommend the business to friends and family if they are happy with **their new kitchen and bathroom** and the service they received (**explanation strand 1**). If customers were unhappy they would not recommend the business and it would soon fail. (**explanation strand 2**). Therefore, *Dean Reece Ltd* will be recommended to potential customers by people who have experienced the service and the quality the business provides when **fitting new kitchens and bathrooms** (**explanation strand 3**). This is a more powerful commendation than seeing a social media post or a website. Satisfied customers will be able explain to people about their **kitchen or bathroom** and answer any questions. (**explanation strand 4**).

However, this approach can only have a limited reach and does not help *Dean Reece Ltd* to attract **potential customers who want a new kitchen**. **There are some large national competitors, such as Wren Kitchens and Wickes, and these have extensive TV advertising and promotion campaigns** (**explanation strand 5**) and If demand in the local area falls, then the business may not be able to attract potential customers from different areas. This may lead to falling sales and worsening cash flow.

In conclusion, it appears that the approach by the business has worked well to this point. The business has existed for 20 years and is successful; the owner is clearly doing something right. However, whether this is the right approach for the future depends on what happens in the market in the future. For example, rising unemployment would mean that people decide against home improvements, which would mean that word of mouth promotion might not be the best approach. The business is already responding to this possible change by **updating its website with latest kitchen designs**, and so is demonstrating an ability to adapt.



Examiner Commentary:

This response was **awarded 12 marks**. The level of knowledge and understanding was excellent throughout and Level 3 was awarded for this skill (AO1b). There was evidence of Application (AO2) throughout the answer (**highlighted in red**). In the first two paragraphs there are at least five logical, linked strands (**highlighted in green**). Thus, Analysis (AO3a) can be awarded at Level 3 also. The candidate then provided more strands of Analysis beyond this which would also count for Evaluation (AO3b). Note the use of ‘However...’ at the start of paragraph two signals that the candidate is now starting to consider an alternative viewpoint, mainly that the decision to rely on ‘word of mouth’ promotion has some limitations. The final paragraph starts with ‘In conclusion...’ and this section makes use of the ‘it depends rule’ and goes beyond just a simple paraphrasing of what has been written earlier in the response. The candidate makes a point about the impact of the wider market. This showed both excellent application (AO2) and evaluation (AO3b). With four Level 3s, the candidate was awarded full marks.